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C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 000325

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TAGS: [PREL](#) [PGOV](#) [PMAR](#) [PHUM](#) [PINR](#) [ECON](#) [EFIN](#) [RS](#)
SUBJECT: KRASNOYARSK: A REGION ENJOYING THE STATUS QUO OR
BENEFITS OF REFORM?

Classified By: Political Minister Counselor Susan M. Elliott; reasons 1
.4(b/d).

¶1. (C) Summary: Krasnoyarsk government officials are confident that their management of the region's substantial energy and mineral wealth ensures political and economic stability. Opposition political figures and independent journalists give kray authorities high marks for their constructive engagement with all elements of civil society, but they dislike the close ties kray officials have with big business. President Medvedev's innovation and modernization strategy is viewed by Krasnoyarsk residents as having greater relevance in other regions. The kray's inter-party dialogue and relatively high standard of living based on energy related industries obviate the need to aggressively pursue political and economic reform. End Summary.

¶2. (C) Emboff's two-day visit to frigid Krasnoyarsk coincided with President Medvedev's nomination of Deputy Governor Lev Kuznetsov to replace Aleksandr Khloponin as governor of the kray. President Medvedev's choice of popular Governor Khloponin as Presidential Representative and DPM responsible for the North Caucasus has focused attention on Krasnoyarsk. The recent attention on the region gave us the perfect opportunity to visit and discuss how local officials and residents perceive the Moscow-generated national debate on political and economic modernization.

Political Participation and Economic Stability

¶3. (C) Both President Medvedev and PM Putin remain extremely popular among Krasnoyarsk citizens and most elite groups. Former governor Khloponin enjoyed enormous support and most observers expect the same for Kuznetsov. A good deal of Khloponin's popularity related to his inclusive style, which differed significantly from his predecessor, former General Aleksandr Lebedev.

¶4. (C) Kray Legislative Assembly Deputy Speaker Aleksandr Kleshko (United Russia) stated bluntly that the kray was far ahead of Moscow when it came to broad political pluralism and participation. Khloponin nurtured this environment by listening to opposition views and proposals and occasionally supporting them. That attitude is reflected in the Kray Assembly, where five parties (United Russia, Communists, LDPR, Just Russia and Right Cause) all have deputies and each faction has the chairmanship of at least one major Assembly committee. A local state-owned media committee, comprised of equal numbers of representatives appointed by the Governor and by the Assembly (including reps from all parties) meets regularly to ensure that all parties are receiving equal air time. Communist (KPRF), Just Russia (SR) and Liberal Democratic Party (LDPR) reps all told us that Khloponin adeptly managed the Krasnoyarsk political scene. He produced

revenue and stability and reminded Moscow that Krasnoyarsk Kray generated a significant portion of Russia's GDP.

15. (C) Kleshko said that President Medvedev's calls for modernization have been a boom for Khloponin. Medvedev's poslaniye and his "Russia, Forward" article have been used by the regional United Russia organization to claim "victory and fulfillment of the plan" because they already constructed a pluralist structure. Their "forward thinking" has obviated the need for any additional changes and ensured United Russia's continued regional leadership. Even Just Russia party leader (and Kray Assembly Deputy Speaker) Anatoliy Romashkov told us that due to wise and popular regional United Russia (ER) party leaders and the party's national dominance, no party would be able to challenge ER's regional control for the next 10-15 years.

16. (C) KPRF regional leader Pyotr Medvedev railed against ER's dominance and its use of administrative resources throughout the vast kray (area of more than 2 million square kilometers) to perpetuate its lock on power. He blasted elections, not for irregularities perpetrated on voting day, but for the imbalanced circumstances under which they are held. He said that KPRF would be able to field candidates in approximately 2000 of the 5000 kray-wide positions being to be filled through elections March 14. LDPR leader Artem Chernykh told us that his party was only able to run in 800 elections. United Russia, on the other hand, has the personnel reserves to run a candidate in every election. Pyotr Medvedev complained that voter turnout for non-contested seats would be scant, but that United Russia

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would exploit the kray-wide totals for the personal aggrandizement of leaders in the eyes of senior party leaders in Moscow, especially Andrey Vorobyev, Chairman of ER's Central Executive Committee and State Duma deputy from Krasnoyarsk.

Status Quo will prevail

17. (C) First deputy Mayor of Krasnoyarsk Vitaliy Borbrov told us that Krasnoyarsk, by virtue of its political and social stability and its strong economy based on extractive industries, represented an important economic engine in Siberia. He touted efforts over the past five years to expand investment opportunities, focusing on the city's high-tech park, the Siberian Federal University, and considerable German interest in expanding high-tech commercial ties. Siberian University attracts students from throughout the region, many of whom remain in Krasnoyarsk after graduation. The retention of graduates working in high-tech fields (including defense, space and aspects of extraction industries) demonstrates the success of leaders in building a diversified regional economy. Major changes to existing economic structures were not needed, he said.

18. (C) Many of our interlocutors recalled that Khloponin had also built Krasnoyarsk the old-fashioned way - through pork. Massive infrastructure projects, such as railways, roads and hydroelectric plants brought jobs to the kray, but were also of national significance. Funds for construction and maintenance have been assured by Moscow, giving the kray a stable source of revenue from the center, but also putting in place assets, especially power generation facilities, that enable big business, especially aluminum processing facilities, to function. Khloponin reportedly used his connections with regional business leaders, such as RusAl's Oleg Deripaska and Norilsk Nickel's Mikhail Prokhorov, to extract legitimate tax assessments that their subordinates had been reluctant to pay.

19. (C) Independent journalist Leonid Zhvanov told us he doubted that President Medvedev's modernization rhetoric would make much of an impression on local and regional

leaders in the short to medium term. Too many senior political leaders owed their current positions (and their personal wealth) to the extractive industries, he noted. Public support for increased oil and gas exploration in the north of the kray means less support for reform. He and KPRF leader Medvedev argued that political and business leaders could care less about the environment, especially in northern parts of the kray where wealthy business people hunt for recreation on lands that belong to native peoples. "It sometimes feels like Krasnoyarsk is treated like a rich colony, with Moscow the distant metropolis that remains quiet as long as money is flowing and regional oligarchs are happy," Zhvanov said.

¶10. (C) President Medvedev February 8 nominated Krasnoyarsk Kray Deputy Governor Lev Kuznetsov to replace former Governor Aleksandr Khloponin. Local government and party officials expected that Kuznetsov will win easy approval from the Kray Legislative Assembly when it reviews his nomination February 16. United Russia (ER) officials praised him for his energy, his understanding of business (he worked for Norilsk Nickel with Khloponin), and his sound judgment. KPRF, SR and LDPR officials, however, told us Kuznetsov would be too closely tied to big business. They all said they would have much preferred Kray Assembly Speaker Uss. Independent journalists lamented that the new governor would not have the political weight of Khloponin. State Duma Deputy from Krasnoyarsk Aleksandr Klyukin (ER), himself an Uss supporter, told us that Kuznetsov got the job thanks to his close personal ties with Khloponin. According to Klyukin, Kuznetsov's appointment means that Khloponin's team of ministers and advisors, as well as ER regional party leaders, will all likely stay on. In other words, said Klyukin, "status quo stability will prevail - just what Moscow wants."

An Alarming Trend

¶11. (C) KPRF leader Medvedev noted that steadily sinking faith in elections, and pervasive bureaucratic corruption was turning young and middle aged citizens in a more nationalist direction. KPRF in Krasnoyarsk is trying to pick up some of these "patriotic yet disillusioned" people, but voters

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harboring more radical views were prime targets for dangerous extremist groups. Kray Human Rights Ombudsman Mark Denisov confirmed this, linking growing nationalist sentiment to concerns over Chinese immigration into the region. He said kray authorities are carefully monitoring the involvement of the Chinese government in this wave of immigration. He charged this was part of a "deliberate policy by the Chinese government to change the demographics of the region. Denisov said he is responsible for ensuring that Chinese laborers who come to Russia legally to work (mainly on projects proposed, funded and overseen by Chinese managers) were not abused or exploited. He blamed Beijing for these abuses and noted that young Russians in the kray were concerned that some industrial enterprises and agricultural projects were now being overseen by Chinese, not Russian, managers.

Comment

¶12. (C) Krasnoyarsk's new governor Kuznetsov has big shoes to fill. The March 14 regional elections throughout the kray will be his first opportunity to demonstrate to Moscow that he can continue Khloponin's record of delivering for United Russia while still being able to peacefully work with opposition political parties and other elites. Although the energy sector remains its major economic producer, Krasnoyarsk also has a high-tech foundation on which to promote greater investment. United Russia's successful leadership in Krasnoyarsk allows President Medvedev to take credit for a regional economic and political modernization victory, especially since it was there in 2008 that he, as a

candidate for the presidency, called for economic reform.
Beyrle